Upcoming Seminars

Monday, 4.12.2023   **Departmental Seminar**

13.30-14.30
AWI room 00.010

Katja Kaufmann, University of Bayreuth

"Spillover Effects of Old-Age Pension across Generations: Family Labor Supply and Child Outcomes"

(Host: Stefan Klonner)

Wednesday, 6.12.2023   **Internal Seminar**

12.15-13.15
AWI room 00.010

Maximilian Voigt

"Investor Beliefs and Asset Prices Under Selective Memory"

Wednesday, 6.12.2023   **Macro and Econometrics Seminar**

13.30-14.30
AWI room 01.030

Maximilian Boeck

"Functional Bayesian Additive Vector Autoregressive Tree Models"

Departmental Seminar

Katja Kaufmann, University of Bayreuth

"Spillover Effects of Old-Age Pension across Generations: Family Labor Supply and Child Outcomes"

We study the impact of grandparental retirement decisions on family members' labor supply and child outcomes by exploiting a Dutch pension reform and a fuzzy Regression Discontinuity design. We find that a one-hour increase in grandmothers' hours worked causes their adult daughters with young children to work 40 minutes less. Daughters without children, with older children and sons/daughters-in-law are not affected. Examining the reform impacts on grandchildren's test scores, we find positive effects on children aged 4-7, who experienced a substitution from grandparental to maternal care. We also show negative effects for children aged 8-12, for whom grandparental childcare was substituted for by formal or no care.

Internal Seminar

Maximilian Voigt

"Investor Beliefs and Asset Prices Under Selective Memory"

I present a consumption-based asset pricing model in which the representative agent selectively recalls past fundamentals that resemble current fundamentals and updates beliefs as if the recalled observations are all that occurred. This similarity-weighted selective memory jointly explains important facts about belief formation, survey data, and realized asset prices. Subjective expectations overreact and are procyclical, the subjective volatility is countercyclical, and the subjective risk premium has a low volatility. In contrast, realized returns are predictably countercyclical, highly volatile, and unrelated to variation of objective risk measures. My results suggest that human memory can simultaneously account for individual-level data and aggregate asset pricing facts.

Macro and Econometrics Seminar

Maximilian Boeck

"Functional Bayesian Additive Vector Autoregressive Tree Models"*
Researchers increasingly wish to model dynamic relations between cross-sectional distributions and macroeconomic aggregates. Such relations, however, could be subject to substantial nonlinearities. In this paper, we propose a functional nonparametric vector autoregression that remains agnostic on the precise relationship between the aggregate economy and a cross-sectional distribution over time. This cross-sectional density is approximated with functional principal components (fPCs), a flexible and scalable way of summarizing cross-sectional dynamics. These fPCs are then combined with aggregate macroeconomic and financial quantities, with the corresponding conditional mean relations modeled through Bayesian Additive

Regression Trees (BART). We illustrate the merits of our approach through a Monte Carlo exercise and a real data application that analyzes whether technology shocks exert nonlinear effects on the aggregate economy and the earnings distribution. While overall effects to the earning distribution are small, we find heterogeneous effects along the earnings distribution.

*with Florian Huber and Massimiliano Marcellino

Talks and Research Visits

Christian Conrad presented the paper "Long-Term Volatility Shapes the Stock Market's Sensitivity to News" (joint with Julius Schoelkopf and Nikoleta Tushteva) at the *17th BMRG Conference on Macro and Financial Economics/Econometrics*, Brunel University, November 29, and in the *Statistics and Machine Learning in Finance Seminar* at the University of Oxford, November 20.

Ferdinand Rauch gave a talk on "Networks in Trade – Evidence from the Legacy of the Hanseatic League" in the Departmental Seminar *Ökonomischer Workshop* of the Department of Economics, University of Würzburg, October 31.

New Publications

Conrad, Christian, and Kajal Lahiri (2023): "Heterogeneous Expectations among Professional Forecasters" has been accepted for publication in the *Routledge Handbook of Economic Expectations in Historical Perspective.*

New Working Papers

Conrad, Christian, Schoelkopf, Julius Theodor and Tushteva, Nikoleta: "Long-Term Volatility Shapes the Stock Market's Sensitivity to News", *AWI Discussion Paper Series* No 739, November 2023. (find paper here).